

Introduced by Senator Perata
(Coauthor: Assembly Member Levine)

February 8, 2006

An act to amend Sections 399.6, 399.7, and 399.8 of, and to amend and repeal Sections 399 and 399.4 of, the Public Utilities Code, relating to energy, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1250, as introduced, Perata. Energy: cost-effective energy efficiency programs: renewable energy resources.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to require Pacific Gas and Electric Company, San Diego Gas and Electric, and Southern California Edison to identify a separate electrical rate component to fund programs that enhance system reliability and provide in-state benefits. This rate component is a nonbypassable element of local distribution and collected on the basis of usage. Existing PUC resolutions refer to the nonbypassable rate component as a "public goods charge". The public goods charge moneys are collected to support cost-effective energy efficiency and conservation activities, public interest research and development not adequately provided by competitive and regulated markets, and renewable energy resources. The moneys collected by the public goods charge for renewable energy are required to be transferred to the State Energy Resources Conservation and Development Commission (Energy Commission), for deposit in the Renewable Resource Trust Fund. The moneys collected by the public goods charge for public interest research and development are required to be transferred to the Energy Commission,

for deposit in the Public Interest Research, Development, and Demonstration Fund.

Existing law requires the PUC, in evaluating energy efficiency investments under its existing statutory authorities, to ensure that no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.

This bill would delete that refrigerator purchase restriction.

Under the Reliable Electric Service Investments Act, the Energy Commission is required to hold moneys collected for renewable energy and deposited in the Renewable Resource Trust Fund and moneys collected for public interest research, development, and demonstration and deposited in the Public Interest Research, Development, and Demonstration Fund, until further action by the Legislature. The act requires the Energy Commission to create an initial investment plan, in accordance with specified objectives, to govern the allocation of funds in the Renewable Resource Trust Fund and Public Interest Research, Development, and Demonstration Fund, collected between January 1, 2002, and January 1, 2007. The act requires the Energy Commission, on or before March 31, 2006, to prepare an investment plan proposing the application of moneys collected between January 1, 2007, and January 1, 2012, in accordance with specified objectives.

This bill would delete these requirements.

The Reliable Electric Service Investment Act requires the Governor to appoint an independent review panel to prepare and submit to the Legislature and Energy Commission, by January 1, 2005, a report evaluating the energy efficiency, renewable energy, and research, development and demonstration programs funded by the public goods charge and to make recommendations relative to specified matters.

This bill would delete these requirements.

The Reliable Electric Service Investment Act was enacted in 2 separate bills, each containing identical language.

This bill would repeal duplicative sections of the act.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399 of the Public Utilities Code, as
2 added by Section 4 of Chapter 1050 of the Statutes of 2000, is
3 amended to read:

4 399. (a) This article shall be known, and may be cited, as the
5 Reliable Electric Service Investments Act.

6 (b) The Legislature finds and declares that safe, reliable
7 electric service is of utmost importance to the citizens of this
8 state, and its economy.

9 (c) The Legislature further finds and declares that in order to
10 ensure that the citizens of this state continue to receive safe,
11 reliable, affordable, and environmentally sustainable electric
12 service, it is essential that prudent investments continue to be
13 made in all of the following areas:

14 (1) To protect the integrity of the electric distribution grid.

15 (2) To ensure an adequately sized and trained utility
16 workforce.

17 (3) To ensure cost-effective energy efficiency improvements.

18 (4) To achieve a sustainable supply of renewable energy.

19 (5) To advance public interest research, development and
20 demonstration programs not adequately provided by competitive
21 and regulated markets.

22 (d) It is the intent of the Legislature to reaffirm, without
23 requiring revision, California's doctrine, as reflected in
24 regulatory and judicial decisions, regarding electrical
25 corporations' reasonable opportunity to recover costs and
26 investments associated with their electric distribution grid and
27 the reasonable opportunity to attract capital for investment on
28 reasonable terms.

29 (e) The Legislature further finds and declares all of the
30 following:

31 (1) Acting under applicable constitutional and statutory
32 authorities, the Public Utilities Commission and the boards of
33 local publicly owned electric utilities have included in regulated
34 electricity prices, investments that are essential to maintaining
35 system reliability, reducing California electricity users' bills, and
36 mitigating environmental costs of California users' electricity
37 consumption.

1 (2) Among the most important of these “system benefits”
2 investments categories are energy efficiency, renewable energy,
3 and public interest research, development and demonstration
4 (RD&D).

5 (3) Energy efficiency investments funded from California’s
6 usage-based charges on electricity distribution help improve
7 systemwide reliability by reducing demand in times and areas of
8 system congestion, and at the same time reduce all California
9 electricity users’ costs. These investments also significantly
10 reduce environmental costs associated with California’s
11 electricity consumption, including, but not limited to,
12 degradation of the state’s air, water, and land resources.

13 (4) California’s in-state renewable energy resources help
14 alleviate supply deficits that could threaten electric system
15 reliability, reduce environmental costs associated with
16 California’s electricity consumption, and increase the diversity of
17 the electricity system’s fuel mix, reducing electricity users’
18 exposure to fossil-fuel price volatility.

19 (5) California’s public-interest research, development and
20 demonstration (RD&D) investments enhance private and
21 regulated sector investment in electricity system technologies,
22 and are designed specifically to help ensure sustained
23 improvement in the economic and environmental performance of
24 the distribution, transmission, and generation and end-use
25 systems that serve California electricity users.

26 (6) California has established a long tradition of recovering
27 system benefits investments through usage-based electricity
28 charges, which is reflected in at least two decades of electricity
29 price regulation by the commission, the boards of local publicly
30 owned electric utilities, and the mandate of the Legislature in
31 Chapter 854 of the Statutes of 1996 (Assembly Bill 1890 of the
32 1995-96 Regular Session of the Legislature) and Chapter 905 of
33 the Statutes of 1997 (Senate Bill 90 of the 1995-96 Regular
34 Session of the Legislature).

35 (7) Unless the Legislature acts to extend the mandate of
36 Chapter 854 of the Statutes of 1996 *and the Reliable Electric*
37 *Service Investments Act* for minimum levels of usage based
38 system benefits charges, California electricity users are at
39 substantial risk of higher economic and environmental costs and
40 degraded reliability.

SEC. 2. Section 399 of the Public Utilities Code, as added by Section 4 of Chapter 1051 of the Statutes of 2000, is repealed.

399. (a) ~~This article shall be known, and may be cited, as the Reliable Electric Service Investments Act.~~

(b) ~~The Legislature finds and declares that safe, reliable electric service is of utmost importance to the citizens of this state, and its economy.~~

(c) ~~The Legislature further finds and declares that in order to ensure that the citizens of this state continue to receive safe, reliable, affordable, and environmentally sustainable electric service, it is essential that prudent investments continue to be made in all of the following areas:~~

(1) ~~To protect the integrity of the electric distribution grid.~~

(2) ~~To ensure an adequately sized and trained utility workforce.~~

(3) ~~To ensure cost-effective energy efficiency improvements.~~

(4) ~~To achieve a sustainable supply of renewable energy.~~

(5) ~~To advance public interest research, development and demonstration programs not adequately provided by competitive and regulated markets.~~

(d) ~~It is the intent of the Legislature to reaffirm, without requiring revision, California's doctrine, as reflected in regulatory and judicial decisions, regarding electrical corporations' reasonable opportunity to recover costs and investments associated with their electric distribution grid and the reasonable opportunity to attract capital for investment on reasonable terms.~~

(e) ~~The Legislature further finds and declares all of the following:~~

(1) ~~Acting under applicable constitutional and statutory authorities, the Public Utilities Commission and the boards of local publicly owned electric utilities have included in regulated electricity prices, investments that are essential to maintaining system reliability, reducing California electricity users' bills, and mitigating environmental costs of California users' electricity consumption.~~

(2) ~~Among the most important of these "system benefits" investments categories are energy efficiency, renewable energy, and public interest research, development and demonstration (RD&D).~~

~~(3) Energy efficiency investments funded from California's usage-based charges on electricity distribution help improve systemwide reliability by reducing demand in times and areas of system congestion, and at the same time reduce all California electricity users' costs. These investments also significantly reduce environmental costs associated with California's electricity consumption, including, but not limited to, degradation of the state's air, water, and land resources.~~

~~(4) California's in-state renewable energy resources help alleviate supply deficits that could threaten electric system reliability, reduce environmental costs associated with California's electricity consumption, and increase the diversity of the electricity system's fuel mix, reducing electricity users' exposure to fossil-fuel price volatility.~~

~~(5) California's public-interest research, development and demonstration (RD&D) investments enhance private and regulated sector investment in electricity system technologies, and are designed specifically to help ensure sustained improvement in the economic and environmental performance of the distribution, transmission, and generation and end-use systems that serve California electricity users.~~

~~(6) California has established a long tradition of recovering system benefits investments through usage-based electricity charges, which is reflected in at least two decades of electricity price regulation by the commission, the boards of local publicly owned electric utilities, and the mandate of the Legislature in Chapter 854 of the Statutes of 1996 (Assembly Bill 1890 of the 1995–96 Regular Session of the Legislature) and Chapter 905 of the Statutes of 1997 (Senate Bill 90 of the 1995–96 Regular Session of the Legislature).~~

~~(7) Unless the Legislature acts to extend the mandate of Chapter 854 of the Statutes of 1996 for minimum levels of usage based system benefits charges, California electricity users are at substantial risk of higher economic and environmental costs and degraded reliability.~~

SEC. 3. Section 399.4 of the Public Utilities Code, as added by Section 4 of Chapter 1050 of the Statutes of 2000, is amended to read:

399.4. (a) (1) In order to ensure that prudent investments in energy efficiency continue to be made that produce cost-effective

1 energy savings, reduce customer demand, and contribute to the
2 safe and reliable operation of the electric distribution grid, it is
3 the policy of this state and the intent of the Legislature that the
4 commission shall continue to administer cost-effective energy
5 efficiency programs authorized pursuant to existing statutory
6 authority.

7 (2) As used in this section, the term “energy efficiency”
8 includes, but is not limited to, cost-effective activities to achieve
9 peak load reduction that improve end-use efficiency, lower
10 customers’ bills, and reduce system needs.

11 (b) The commission, in evaluating energy efficiency
12 investments under its existing statutory authorities, shall also
13 ~~ensure both of the following: that local and regional interests,~~
14 ~~multifamily dwellings, and energy service industry capabilities~~
15 ~~are incorporated into program portfolio design and that local~~
16 ~~governments, community-based organizations, and energy~~
17 ~~efficiency service providers are encouraged to participate in~~
18 ~~program implementation where appropriate.~~

19 ~~(1) That local and regional interests, multifamily dwellings,~~
20 ~~and energy service industry capabilities are incorporated into~~
21 ~~program portfolio design and that local governments,~~
22 ~~community-based organizations, and energy efficiency service~~
23 ~~providers are encouraged to participate in program~~
24 ~~implementation where appropriate.~~

25 ~~(2) That no energy efficiency funds are used to provide~~
26 ~~incentives for the purchase of new energy-efficient refrigerators.~~

27 SEC. 4. Section 399.4 of the Public Utilities Code, as added
28 by Section 4 of Chapter 1051 of the Statutes of 2000, is repealed.

29 399.4. (a) (1) ~~In order to ensure that prudent investments in~~
30 ~~energy efficiency continue to be made that produce cost-effective~~
31 ~~energy savings, reduce customer demand, and contribute to the~~
32 ~~safe and reliable operation of the electric distribution grid, it is~~
33 ~~the policy of this state and the intent of the Legislature that the~~
34 ~~commission shall continue to administer cost-effective energy~~
35 ~~efficiency programs authorized pursuant to existing statutory~~
36 ~~authority.~~

37 ~~(2) As used in this section, the term “energy efficiency”~~
38 ~~includes, but is not limited to, cost-effective activities to achieve~~
39 ~~peak load reduction that improve end-use efficiency, lower~~
40 ~~customers’ bills, and reduce system needs.~~

~~(b) The commission, in evaluating energy efficiency investments under its existing statutory authorities, shall also ensure both of the following:~~

~~(1) That local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into program portfolio design and that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program implementation where appropriate.~~

~~(2) That no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.~~

SEC. 5. Section 399.6 of the Public Utilities Code is amended to read:

399.6. (a) In order to optimize public investment and ensure that the most cost-effective and efficient investments in renewable resources are vigorously pursued, the Energy Commission shall create an investment plan as set forth in paragraphs (1) to (3), inclusive, to govern the allocation of funds provided pursuant to this article. The Energy Commission's long-term goal shall be a fully competitive and self-sustaining California renewable energy supply. The investment plan shall be in accordance with all of the following:

(1) The investment plan's objective shall be to increase, in the near term, the quantity of California's electricity generated by in-state renewable energy resources, while protecting system reliability, fostering resource diversity, and obtaining the greatest environmental benefits for California residents.

(2) An additional objective of the plan shall be to identify and support emerging renewable energy technologies that have the greatest near-term commercial promise and that merit targeted assistance.

(3) The investment plan shall contain specific numerical targets, reflecting the projected impact of the plan, for both of the following:

(A) Increased quantity of California electrical generation produced from emerging technologies and from overall renewable resources.

(B) Increased supply of renewable generation available from facilities other than those selling to investor-owned utilities under

1 contracts entered into prior to 1996 under the federal Public
2 Utilities Regulatory Policies Act of 1978 (P.L. 95-617).

3 (b) The Energy Commission shall, on an annual basis,
4 evaluate progress on meeting the targets set forth in
5 subparagraphs (A) and (B) of paragraph (3) of subdivision (a), or
6 any substitute provisions adopted by the Legislature upon review
7 of the investment plan, and assess the impact of the investment
8 plan on reducing the cost to Californians of renewable energy
9 generation.

10 (c) In preparing these investment plans, the Energy
11 Commission shall recommend allocations among all of the
12 following:

13 (1) (A) Except as provided in subparagraph (B), production
14 incentives for new renewable energy, including repowered or
15 refurbished renewable energy.

16 (B) Allocations may not be made for renewable energy that is
17 generated by a project that remains under a power purchase
18 contract with an electrical corporation originally entered into
19 prior to September 24, 1996, whether amended or restated
20 thereafter.

21 (C) Notwithstanding subparagraph (B), production incentives
22 for incremental new, repowered, or refurbished renewable energy
23 from existing projects under a power purchase contract with an
24 electrical corporation originally entered into prior to September
25 24, 1996, whether amended or restated thereafter, may be
26 allowed in any month, if all of the following occur:

27 (i) The project's power purchase contract provides that all
28 energy delivered and sold under the contract is paid at a price
29 that does not exceed commission-approved short-run avoided
30 cost of energy.

31 (ii) Either of the following:

32 (I) The power purchase contract is amended to provide that the
33 kilowatthours used to determine the capacity payment in any
34 time-of-delivery period in any month under the contract shall be
35 equal to the actual kilowatthour production, but no greater than
36 the five-year average of the kilowatthours delivered for the
37 corresponding time-of-delivery period and month, in the years
38 1994 to 1998, inclusive.

39 (II) If a project's installed capacity as of December 31, 1998,
40 is less than 75 percent of the nameplate capacity as stated in the

1 power purchase contract, the power purchase contract is amended
2 to provide that the kilowatthours used to determine the capacity
3 payment in any time-of-delivery period in any month under the
4 contract shall be equal to the actual kilowatthour production, but
5 no greater than the product of the five-year average of the
6 kilowatthours delivered for the corresponding time-of-delivery
7 period and month, in the years 1994 to 1998, inclusive, and the
8 ratio of installed capacity as of December 31 of the previous
9 year, but not to exceed contract nameplate capacity, to the
10 installed capacity as of December 31, 1998.

11 (iii) The production incentive is payable only with respect to
12 the kilowatthours delivered in a particular month that exceeds the
13 corresponding five-year average calculated pursuant to clause
14 (ii).

15 (2) Rebates, buydowns, or equivalent incentives for emerging
16 renewable technologies.

17 (3) Customer credits for renewables not under contract with a
18 utility.

19 (4) Customer education.

20 (5) Incentives for reducing fuel costs that are confirmed to the
21 satisfaction of the Energy Commission at solid fuel biomass
22 energy facilities in order to provide demonstrable environmental
23 and public benefits, including, but not limited to, air quality.

24 (6) Solar thermal generating resources that enhance the
25 environmental value or reliability of the electrical system and
26 that require financial assistance to remain economically viable, as
27 determined by the Energy Commission. The Energy Commission
28 may require financial disclosure from applicants for purposes of
29 this paragraph.

30 (7) Specified fuel cell technologies, if the Energy Commission
31 makes all of the following findings:

32 (A) The specified technologies have similar or better air
33 pollutant characteristics than renewable technologies in the
34 investment plan.

35 (B) The specified technologies require financial assistance to
36 become commercially viable by reference to wholesale
37 generation prices.

38 (C) The specified technologies could contribute significantly
39 to the infrastructure development or other innovation required to

1 meet the long-term objective of a self-sustaining, competitive
2 supply of renewable energy.

3 (8) Existing wind-generating resources, if the Energy
4 Commission finds that the existing wind-generating resources are
5 a cost-effective source of reliable and environmental benefits
6 compared with other eligible sources, and that the existing
7 wind-generating resources require financial assistance to remain
8 economically viable, as determined by the Energy Commission.
9 The Energy Commission may require financial disclosure from
10 applicants for the purposes of this paragraph.

11 (d) The commission shall establish a cap on the aggregate
12 amount of funds that may be awarded to public entities from the
13 program that provides customer credits for renewables. The
14 intent of the cap is to assure adequate funding of credits for
15 residential and small commercial customers.

16 (e) Notwithstanding any other provision of law, moneys
17 collected for renewable energy pursuant to this article shall be
18 transferred to the Renewable Resource Trust Fund of the Energy
19 Commission, ~~to be held until further action by the Legislature.~~
20 ~~The Energy Commission shall prepare and submit to the~~
21 ~~Legislature, on or before March 31, 2001, an initial investment~~
22 ~~plan for these moneys, addressing the application of moneys~~
23 ~~collected between January 1, 2002, and January 1, 2007. The~~
24 ~~initial investment plan shall also include an evaluation of and~~
25 ~~report to the Legislature regarding the appropriateness and~~
26 ~~structure of a mandatory state purchase of renewable energy. On~~
27 ~~or before March 31, 2006, the Energy Commission shall prepare~~
28 ~~an investment plan proposing the application of moneys collected~~
29 ~~between January 1, 2007, and January 1, 2012. No moneys may~~
30 ~~be expended in the years covered by these plans without further~~
31 ~~legislative action.~~

32 SEC. 6. Section 399.7 of the Public Utilities Code is amended
33 to read:

34 399.7. (a) In order to ensure that prudent investments in
35 research, development and demonstration of energy efficient
36 technologies continue to produce substantial economic,
37 environmental, public health, and reliability benefits, it is the
38 policy of this state and the intent of the Legislature that funds
39 made available, upon appropriation, for energy related public
40 interest research, development and demonstration programs shall

1 be used to advance science or technology that are not adequately
2 provided by competitive and regulated markets.

3 (b) Notwithstanding any other provision of law, moneys
4 collected for public-interest research, development and
5 demonstration pursuant to this section shall be transferred to the
6 Public Interest Research, Development, and Demonstration Fund
7 of the Energy Commission ~~to be held until further action by the~~
8 ~~Legislature. The Energy Commission shall prepare and submit to~~
9 ~~the Legislature, on or before March 1, 2001, an initial investment~~
10 ~~plan for these moneys, addressing the application of moneys~~
11 ~~collected between January 1, 2002, and January 1, 2007. The~~
12 ~~initial investment plan shall address the recommendations of the~~
13 ~~PIER Independent Review Panel Report, dated March 2000, to~~
14 ~~either transform the RD&D program within the Energy~~
15 ~~Commission, or to administer it through, or in cooperation with,~~
16 ~~an external organization. The initial investment plan shall include~~
17 ~~criteria that will be used to determine that a project provides~~
18 ~~public benefits to California that are not adequately provided by~~
19 ~~competitive and regulated markets. On or before March 31, 2006,~~
20 ~~the Energy Commission shall prepare an investment plan~~
21 ~~addressing the application of moneys collected between January~~
22 ~~1, 2007, and January 1, 2012. No moneys may be expended in~~
23 ~~the years covered by these plans without further legislative~~
24 ~~action.~~

25 (c) In lieu of the commission retaining funds authorized
26 pursuant to Section 381 for investments made by electrical
27 corporations in public interest research, development, and
28 demonstration projects for transmission and distribution
29 functions, up to 10 percent of the funds transferred to the Energy
30 Commission pursuant to subdivision (b) shall be awarded to
31 electrical corporations for public interest research, development,
32 and demonstration projects for transmission and distribution
33 functions consistent with the policies and subject to the
34 requirements of Chapter 7.1 (commencing with Section 25620)
35 of Division 15 of the Public Resources Code.

36 SEC. 7. Section 399.8 of the Public Utilities Code is amended
37 to read:

38 399.8. (a) In order to ensure that the citizens of this state
39 continue to receive safe, reliable, affordable, and
40 environmentally sustainable electric service, it is the policy of

1 this state and the intent of the Legislature that prudent
2 investments in energy efficiency, renewable energy, and
3 research, development and demonstration shall continue to be
4 made.

5 (b) (1) Every customer of an electrical corporation, shall pay
6 a nonbypassable system benefits charge authorized pursuant to
7 this article. The system benefits charge shall fund energy
8 efficiency, renewable energy, and research, development and
9 demonstration.

10 (2) Local publicly owned electric utilities shall continue to
11 collect and administer system benefits charges pursuant to
12 Section 385.

13 (c) (1) The commission shall require each electrical
14 corporation to identify a separate rate component to collect
15 revenues to fund energy efficiency, renewable energy, and
16 research, development and demonstration programs authorized
17 pursuant to this section beginning January 1, 2002, through
18 January 1, 2012. The rate component shall be a nonbypassable
19 element of the local distribution service and collected on the
20 basis of usage.

21 (2) This rate component may not exceed, for any tariff
22 schedule, the level of the rate component that was used to
23 recover funds authorized pursuant to Section 381 on January 1,
24 2000. If the amounts specified in paragraph (1) of subdivision (d)
25 are not recovered fully in any year, the commission shall reset
26 the rate component to restore the unrecovered balance, provided
27 that the rate component may not exceed, for any tariff schedule,
28 the level of the rate component that was used to recover funds
29 authorized pursuant to Section 381 on January 1, 2000. Pending
30 restoration, any annual shortfalls shall be allocated pro rata
31 among the three funding categories in the proportions established
32 in paragraph (1) of subdivision (d).

33 (d) The commission shall order San Diego Gas and Electric
34 Company, Southern California Edison Company, and Pacific Gas
35 and Electric Company to collect these funds commencing on
36 January 1, 2002, as follows:

37 (1) Two hundred twenty-eight million dollars (\$228,000,000)
38 per year in total for energy efficiency and conservation activities,
39 one hundred thirty-five million dollars (\$135,000,000) in total
40 per year for renewable energy, and sixty-two million five

1 hundred thousand dollars (\$62,500,000) in total per year for
2 research, development and demonstration. The funds for energy
3 efficiency and conservation activities shall continue to be
4 allocated in proportions established for the year 2000 as set forth
5 in paragraph (1) of subdivision (c) of Section 381.

6 (2) The amounts shall be adjusted annually at a rate equal to
7 the lesser of the annual growth in electric commodity sales or
8 inflation, as defined by the gross domestic product deflator.

9 (e) The commission and the Energy Commission shall retain
10 and continue their oversight responsibilities as set forth in
11 Sections 381 and 383, and Chapter 7.1 (commencing with
12 Section 25620) and Chapter 8.6 (commencing with Section
13 25740) of Division 15 of the Public Resources Code.

14 ~~(f) (1) On or before January 1, 2004, the Governor shall~~
15 ~~appoint an independent review panel including, but not limited~~
16 ~~to, members with expertise on the energy service needs of large~~
17 ~~and small electricity consumers, system reliability issues, and~~
18 ~~energy-related public policy. On or before January 1, 2005, the~~
19 ~~panel shall prepare and submit to the Legislature and the Energy~~
20 ~~Commission a report evaluating the energy efficiency, renewable~~
21 ~~energy, and research, development and demonstration programs~~
22 ~~funded under this section. Reasonable costs associated with the~~
23 ~~review in each of the three program categories, including~~
24 ~~technical assistance, may be charged to the relevant program~~
25 ~~category under procedures to be developed by the commission~~
26 ~~for energy efficiency and by the Energy Commission for~~
27 ~~renewable energy and research development and demonstration.~~

28 ~~(2) The report shall also assess all of the following:~~

29 ~~(A) Whether ongoing programs are consistent with the~~
30 ~~statutory goals.~~

31 ~~(B) Whether potential synergies among the program categories~~
32 ~~described in paragraph (1) that could provide enhanced public~~
33 ~~value have been identified and incorporated in the programs.~~

34 ~~(C) If established targets for increased renewable generation~~
35 ~~are likely to be achieved.~~

36 ~~(D) What changes should be made to result in a more efficient~~
37 ~~use of public resources.~~

38 ~~(3) The report shall also compare the Energy Commission's~~
39 ~~programs with efforts undertaken by other states and assess, as an~~
40 ~~alternative, the relative costs and benefits of adopting a tradable~~

1 ~~minimum renewable energy requirement in California. The~~
2 ~~evaluation shall include recommendations intended to optimize~~
3 ~~renewable resource development at the least cost.~~

4 ~~(4) For energy efficiency programs, the report shall include an~~
5 ~~evaluation of all of the following:~~

6 ~~(A) The net benefits secured for residential customers, taking~~
7 ~~into account both public and private costs, including~~
8 ~~improvements in that customer group's ability to avoid or reduce~~
9 ~~consumption of relatively costly peak electricity.~~

10 ~~(B) Whether the programs provide a balance of benefits to all~~
11 ~~sectors that contribute to the funding.~~

12 ~~(C) The extent to which competition in energy markets~~
13 ~~including, but not limited to, load participation in ancillary~~
14 ~~services markets, and improvements in technology affect the~~
15 ~~continuing need for such programs.~~

16 ~~(D) The status and growth of the private, competitive energy~~
17 ~~services industry that provides energy efficiency services and~~
18 ~~other energy products to customers.~~

19 ~~(E) The commercial availability of any new technologies that~~
20 ~~reduce electricity demands during high-priced periods.~~

21 ~~(F) Customers' willingness and ability to reduce consumption~~
22 ~~or adopt energy efficiency measures without program support.~~

23 ~~(G) The extent to which the programs have delivered~~
24 ~~cost-effective energy efficiency not adequately provided by~~
25 ~~markets and as a result have reduced energy demand and~~
26 ~~consumption.~~

27 ~~(H) The relative cost-effectiveness of program expenditures~~
28 ~~compared to other current or potential expenditures to enhance~~
29 ~~system reliability.~~

30 ~~(5) The report shall include specific recommendations aimed~~
31 ~~at assisting the Legislature in determining whether to change or~~
32 ~~eliminate the collection of the system benefits charge on or after~~
33 ~~January 1, 2007.~~

34 ~~(6) The panel may update and revise the report as needed:~~

35 ~~(g) Promptly after receiving the panel's report, the~~
36 ~~commission shall convene a proceeding to address~~
37 ~~implementation of the panel's energy efficiency~~
38 ~~recommendations.~~

39 ~~(h)–~~

1 (f) An applicant for the Large Nonresidential Standard
2 Performance Contract Program funded pursuant to paragraph (1)
3 of subdivision (b) and an electrical corporation shall promptly
4 attempt to resolve disputes that arise related to the program's
5 guidelines and parameters prior to entering into a program
6 agreement. The applicant shall provide the electrical corporation
7 with written notice of any dispute. Within 10 business days after
8 receipt of the notice, the parties shall meet to resolve the dispute.
9 If the dispute is not resolved within 10 business days after the
10 date of the meeting, the electrical corporation shall notify the
11 applicant of his or her right to file a complaint with the
12 commission, which complaint shall describe the grounds for the
13 complaint, injury, and relief sought. The commission shall issue
14 its findings in response to a filed complaint within 30 business
15 days of the date of receipt of the complaint. Prior to issuance of
16 its findings, the commission shall provide a copy of the
17 complaint to the electrical corporation, which shall provide a
18 response to the complaint to the commission within five business
19 days of the date of receipt. During the dispute period, the amount
20 of estimated financial incentives shall be held in reserve until the
21 dispute is resolved.

22 SEC. 8. This act is an urgency statute necessary for the
23 immediate preservation of the public peace, health, or safety
24 within the meaning of Article IV of the Constitution and shall go
25 into immediate effect. The facts constituting the necessity are:

26 In order to avoid disruption in renewable energy and
27 public-interest research, development and demonstration
28 programs, and to maximize the effectiveness of energy efficiency
29 programs, thereby promoting the public health and welfare, it is
30 necessary that this act take effect immediately.